

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: _____
 () Publish Date: _____
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____

Title RELATING TO THE EFFECT OF
REGULATIONS ON SMALL BUSINESSES
 RDU _____ Departmental Support Services
 Component Commissioner's Office

Sponsor MEYER
 Requester HOUSE (L&C)

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	162.6	162.6	162.6	162.6	162.6	162.6
Travel	10.0	10.0	10.0	10.0	10.0	10.0
Contractual	30.0	30.0	30.0	30.0	30.0	30.0
Supplies	15.0	10.0	10.0	10.0	10.0	10.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	217.6	212.6	212.6	212.6	212.6	212.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	217.6	212.6	212.6	212.6	212.6	212.6
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	217.6	212.6	212.6	212.6	212.6	212.6

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal: ☐

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation will require the Department of Health and Social Services to prepare an economic effect statement and regulatory flexibility analysis documenting the impact of all department regulations on small business in Alaska.

Department regulatory projects can generally be described as falling into 4 classifications:

1. Regulations necessary to implement new legislation;
 (cont. on page 2)

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 Agency: Department of Health and Social Services

Phone 465-3030
 Date/Time 03/02/2005
 Date 03/03/2005

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ANALYSIS CONTINUATION

(cont. from page 1)

1. Regulations to implement cost containment strategies necessary to live within the budget appropriated by the legislature;
2. Regulations necessary to protect the public health and safety of Alaskans; and
3. Regulations necessary to comply with federal law, federal regulations, or federal funding agreements.

The capacity and expertise to prepare the detailed economic analyses envisioned in this legislation does not currently exist within the department. Virtually all department regulations affect small business in some fashion. In the absence of additional resources to comply with this new mandate, delays in implementing time-sensitive cost-containment or public health related regulations would be likely due either to the time required to prepare these analyses or delays resulting from legal challenges as to the adequacy of the analyses.

A typical example would be Medicaid cost-containment regulations where reductions in reimbursement rates to small health care providers is proposed in order to live within legislative appropriations. A public health and safety example might include requirements on small businesses to obtain criminal background checks on employees.

DHSS provides many of its services through contractual or grant agreements with small business providers, or direct payment for services such as the Medicaid program. Virtually every regulation change proposed by the department would have some impact on small businesses. Currently on the Department's regulation tracking system there are 24 regulation changes underway for completion by June 30, 2005 and another 26 items already planned for FY06. Some of these proposals are very broad ranging such as cost containment items for the Medicaid program that would impact every medical provider that bills for services under the Medicaid program. Another example is the regulation changes necessary to implement new provider software (AKAIMS) that will be used for management and reporting of both substance abuse and mental health programs. Regulations will provide for standard and updated reporting requirements.

The expertise needed to assess the projected reporting, recordkeeping and other administrative costs of small businesses from this type of regulation change would require analysis by an employee with program knowledge for each department program area, analysis skills, and small business knowledge. This would require additional positions to prepare the economic effect statement and regulatory flexibility analysis for each regulatory proposal. (cont. on page 3)

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ANALYSIS CONTINUATION

(cont. from page 2)

In addition, this type of analysis could well delay implementation of some of the Medicaid provisions or other broad range regulation changes. On cost containment proposals, especially for Medicaid programs, any resulting delay in implementation of regulations could result in significant loss of savings to the Medicaid program.

A Research Analyst III, range 18, and a Medical Assistance Administrator IV (or Project Coordinator), range 21 are proposed to perform these functions. Estimated costs would be as follows:

Personal Services

Research Analyst III	73.7
MAA IV	88.9

Travel	10.0
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To provide travel for coordination with First Health (Medicaid billing contractor), on-site review of small business requirements, coordination with department staff statewide involved in drafting regulations.

Contractual	30.0
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Possible contractual assistance on complex analysis, printing, telephone, computer services, lease space, DOA chargeback for Risk Mgt, HR, Dept of Law consultations, etc.

Supplies	15.0
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Workstation including computer and office furniture for new employees, and on-going office supply needs.

TOTAL	217.6
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